



Strategic Sourcing

As the largest purchasing organization in the world, the Department of Defense (DoD) faces some unique challenges. The success of the Department's efforts to provide reliable, responsive and cost-effective support to our Soldiers, Sailors, Airmen and Marines worldwide is dependent on using the best tools and intelligence available to make the right decisions. Strategic Sourcing is a critical path to this success.

Whether you are supplying software, wireless services, or parts for an F-16, Strategic Sourcing fundamentally changes the way you do business. There will be clearer visibility into the buying patterns across the Department. Through better access to data, decisions will be made more strategically. Socio-economic goals will be supported. Operating efficiencies will take place. And transformational change will happen.

Strategic Sourcing

is the *collaborative* and *structured* process of analyzing an organization's spend and using the information to make business decisions about acquisition commodities and services more effectively and efficiently.

Leading Strategic Sourcing Across DoD

Strategic Sourcing is an Acquisition, Technology, and Logistics (AT&L) initiative being led by the office of the Assistant Deputy Under Secretary of Defense for Strategic Sourcing & Acquisition Processes (ADUSD, SS&AP). Under this initiative, the office will leverage, develop and implement cohesive strategies for sourcing and acquisition across the Department of Defense to achieve an enterprise-focused sourcing environment.

SS&AP works in conjunction with Defense Procurement and Acquisition Policy (DPAP), Logistics & Material Readiness (L&MR), Acquisition Resources & Analysis (ARA), the Business Transformation Agency (BTA), OSD Small Business and the Office of Federal Procurement Policy to ensure each organization has a voice in this sourcing initiative.

A key to successful implementation of this sourcing initiative is the involvement of the Strategic Sourcing Directors Board (SSDB). Led by the ADUSD, SS&AP, the Board manages the Defense-Wide Strategic Sourcing initiatives enabling strategic decision-making and oversight across the Department. The Services, several Defense Agencies and other Departmental organizations are represented on the Board.

Get Educated at DAU

In collaboration with the Defense Acquisition University (DAU), two Continuous Learning Modules (CLMs) focused on Strategic Sourcing and spend analysis have been created. DAU is also incorporating the tenets of Strategic Sourcing into other curriculum. Both CON 100 and CON 353 have been updated to reflect the emphasis senior leadership places on this initiative.

- Strategic Sourcing Overview (CLC 108) details the necessary steps in the process to successful sourcing.
- Spend Analysis Strategies (CLC 110) provides an enhanced understanding of the spend analysis that is required to assess Strategic Sourcing opportunities and offers a review of various spend analysis techniques.

You can learn more about these opportunities and increase your Strategic Sourcing knowledge at:
<http://www.dau.mil>.

Get Involved in Strategic Sourcing

Strategic Sourcing is not a goal for the future. It's happening now. Take a look at some of the successful enterprise sourcing activities taking place today.

DoD Enterprise Software

Through a joint project begun in 1988 by the DoD CIO community, the DoD Enterprise Software Initiative (ESI) was born. All software buyers in the Department now have access to advantageous agreements with over 30 software and service providers including Symantec, Novell, Microsoft, SAP, Sun Microsystems and many others. These Enterprise Software Agreements (ESA) are open to all DoD members, U.S. Coast Guard, the Intelligence Community, NATO and authorized Defense contractors.

Benefits of the DoD ESI include:

- A streamlined acquisition process
- Standard terms and conditions
- Fixed-price services tied to proven methodology (for the five systems integration BPAs)
- Reduced risk

Under Defense Federal Acquisition Regulations part 208 Final Rule, published October 2002, the DoD ESI was given Regulatory Status and the regulation established policy and procedures for the acquisition of commercial software and software maintenance when acquired.

The federal SmartBUY program is implemented in the DoD through the DoD ESI. To learn more about the ESI initiative, visit the Web site at <http://www.esi.mil>.

Clerical Support Services

Let by the Navy, in cooperation with representatives from other military services and agencies, this program:

- Will offer Clerical Support Services identified by administrative and clerical functions such as word processing, secretarial and administrative duties, data entry, operation of telephone and switchboards, document preparation, basic accounting, and other miscellaneous office activities.
- Achieves the Department's socio-economic goals by establishing a 100% set aside for 8(a), HUBZone and Service Disabled Veteran Owned small businesses while also enabling fair market prices for the Department.

This program will be piloted in the Philadelphia, Washington, DC and Norfolk regions effective Summer 2006. To learn more about how you can participate in this program, visit the Navy Web site at: <http://strategicsourcing.navy.mil/>.

Wireless Services

After an extensive spend analysis of the Department's buying habits for wireless hand-held services, the best rates to date for the Department were negotiated with two wireless suppliers, Verizon and Sprint. Two additional suppliers are currently in negotiations. Highlights of this program include the following:

- This program combines over 350 multiple agreements with suppliers to one agreement per major supplier
- Terms, conditions and pricing are on par with commercial organizations of similar size and scope
- A common set of key performance metrics have been identified to ensure consistent performance across suppliers

To take advantage of the best rates available for wireless services, visit: <http://www.itec4.army.mil>.



Learn more about Strategic Sourcing across the Department of Defense at http://www.dod.mil/dbt/strategic_sourcing.html